

May 2004

**HMS HOLDINGS CORP.
COMPLIANCE COMMITTEE CHARTER**

Purpose

The Compliance Committee of the Board of Directors (the “Board”) of HMS Holdings Corp. (the “Company”) is appointed by the Board to discharge the Board’s responsibilities with respect to compliance with federal and state laws relating to healthcare programs. The Compliance Committee has overall responsibility for overseeing the operation of the Company’s Corporate Compliance Program providing for adherence to healthcare related laws and regulations.

Committee Membership

The Compliance Committee shall consist of no fewer than three members. The members of the Compliance Committee shall be “independent directors” within the meaning of the listing rules of the NASDAQ Stock Market.

The members of the Compliance Committee shall be appointed by the Board. Compliance Committee members may be replaced by the Board.

Authority and Responsibility

The Compliance Committee shall have general oversight of the Company’s compliance with the legal and regulatory requirements of its business operations. This shall not include compliance with securities laws and regulations, including the Company’s financial reporting and disclosure requirements, which shall be the responsibility of the Company’s Audit Committee. While the Committee has the responsibilities and powers set forth in this Charter, the Committee and the Board must rely on the expertise and knowledge of management, including the Company’s healthcare compliance personnel. Accordingly, it is the responsibility of management of the Company to insure compliance with applicable laws, rules and regulations. The Compliance Committee may initiate such compliance investigations as it deems appropriate, but it is not the Compliance Committee’s responsibility to conduct compliance audits in the ordinary course of the Company’s business.

In exercising its authority and carrying out its responsibilities, the Compliance Committee shall:

- a. Review and make recommendations to the Board addressing the Company’s healthcare compliance practices generally;
- b. Review the Company’s Corporate Compliance Program at least annually and make recommendations to the Board with respect to changes to the Corporate Compliance Program; and

- c. Meet regularly with management of the Company to assess the Company's healthcare compliance policies and procedures as well as any specific material compliance issues.

The Compliance Committee shall have such other duties as may be delegated from time to time by the Board and are not inconsistent with the terms of this Charter, the Company's By-laws and governing law.

Procedures and Administration

1. The Compliance Committee shall meet often as necessary to carry out its responsibilities.

Compliance Committee meetings will be governed by the quorum and other procedures generally applicable to meetings of the Board under the Company's By-laws, unless otherwise stated by resolution of the Board.

2. The Compliance Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances.
3. The Compliance Committee shall report to the Board on at least an annual basis.
4. The Compliance Committee shall annually review its own performance. In addition, at least annually, the Compliance Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
5. The Compliance Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Compliance Committee or any advisors engaged by the Compliance Committee.